

LEONARD LANCE
SEVENTH DISTRICT, NEW JERSEY

COMMITTEE:
ENERGY AND COMMERCE

SUBCOMMITTEES:
HEALTH

COMMERCE, MANUFACTURING
AND TRADE



Congress of the United States
House of Representatives

426 CANNON HOUSE OFFICE BUILDING
WASHINGTON, D.C. 20515
PHONE: 202-225-5361
FAX: 202-225-9460

425 NORTH AVENUE, EAST
WESTFIELD, N.J. 07090
PHONE: 908-518-7733
FAX: 908-518-7751

23 ROYAL ROAD, SUITE 101
FLEMINGTON, N.J. 08822
PHONE: 908-788-6900
FAX: 908-788-2869

June 13, 2011

The Honorable Frank Lautenberg
United States Senate
324 Hart Senate Office Building
Washington, DC 20510

The Honorable Robert Menendez
United States Senate
528 Hart Senate Office Building
Washington, DC 20510

Dear Senator Lautenberg and Senator Menendez:

I am writing to ask that you support U.S. Senators Coburn and Feinstein's amendment to end the fiscally irresponsible ethanol production subsidy that costs taxpayers approximately \$6 billion a year that may be offered on the floor of the Senate tomorrow. The amendment is similar to bipartisan legislation I am sponsoring in the House of Representatives, H.R. 1188, the "Repeal Ethanol Subsidies Today Act."

The federal ethanol subsidy program provides a 45-cent per gallon tax credit for blending ethanol into gasoline and a 54-cent tariff on imported ethanol. The ethanol subsidies were scheduled to sunset at the end of 2010 but were extended another year as part of last December's tax agreement passed by Congress.

The U.S. Government Accountability Office (GAO) recently recommended the permanent repeal of the ethanol subsidy in its March 2011 report to Congress entitled, "Opportunities to Reduce Potential Duplication in Government Programs, Save Tax Dollars, and Enhance Revenue." The GAO estimates that repeal of the tax credit would save taxpayers between \$5.4 billion to \$6.75 billion per year.

The ethanol subsidy is expensive, redundant and unnecessary. Congress has mandated a steadily increasing number of gallons of ethanol every year as part of the federal Renewable Fuels Standards (RFS). At a time of spiraling deficits, we should not continue to subsidize something that is already required under law. The GAO agrees, saying in its recent report: "The ethanol tax credit is largely unneeded today to ensure demand for domestic ethanol production," and is "duplicative in stimulating domestic production and use of ethanol, and can result in substantial loss of revenue to the Treasury."

Regardless of one's position on the use of ethanol as an alternative fuel, it has become clear that this subsidy has outlived its usefulness. And in light of our Nation's current fiscal challenges Congress should do everything in its power to eliminate wasteful and duplicative programs that unnecessarily cost U.S. taxpayers billions each year.

Thank you for your consideration of my request that you support the Coburn/Feinstein amendment eliminating the duplicative and wasteful ethanol subsidy program. Best personal wishes.

Sincerely,

Leonard Lance
Member of Congress